Transfer of Manitoba's Property Registry to Teranet Manitoba:

A Summary Document

Completed by Manitoba Finance
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Manitoba

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Introduction

Manitoba's Property Registry, a special operating agency of the Province of Manitoba, was formally transferred to Teranet Manitoba on March 28, 2014.

This agreement was reached following negotiations and extensive due diligence that began in the of spring of 2012 and continued over a period of 23 months involving the Manitoba government and Teranet.

Under the terms of the 30-year agreement, the Province of Manitoba has received $75 million. In addition:

- Teranet will invest in new technology to ensure services such as titles, property searches and registrations will be available through a more convenient, faster and secure online system.
- There will be estimated annual royalty payments of $11 million, increasing to $24 million at the end of the 30-year licensing agreement.
- Employees of the existing Property Registry will be transferred to the new firm, reducing the size of government by nearly 100 employees. Teranet will not lay-off employees and will protect employee benefits.
- The agreement includes provisions for the province to limit increases in fees to stable and predictable limits of the Consumer Price Index Plus One to protect consumers.
- Provisions have been made to maintain current office locations and government must agree to any changes.
- Data used by Teranet, such as land survey and property titles, are now and will always be owned by the province and protected by privacy legislation.

In order to ensure transparency while recognizing legal obligations to protect commercially sensitive information, this document outlines the steps that were taken to protect the interests of Manitobans throughout the negotiations that resulted in the transfer of the Property Registry. It outlines the due diligence for this transaction, including:

- the features and functions of the Property Registry
- the reasons to proceed with the transfer
- the terms of the agreement
- the decision to proceed with the transfer, including the benefits of the agreement for Manitobans
- determination of the fairness of Teranet's offer and independent analysis of that fairness
- legal and licensing agreements required for the sale

What is the Property Registry?

The Property Registry administers the land registration systems established under the *Real Property Act* and the *Registry Act* and the personal property registration system established under the *Personal Property Security Act*.

The Property Registry is comprised of the Land Titles Office and the Personal Property Registry.

The Land Titles Office head office is located in Winnipeg, with five regional offices in Brandon, Portage la Prairie, Morden, Dauphin and Neepawa. The Personal Property Registry is located in Winnipeg in the same space as the Winnipeg Land Titles Office.

The Registrar General exercises general oversight for both registration systems and may make, amend and repeal rules of practice that relate to the registration systems. The Registrar General is appointed under the *Civil Service Act*.

The Registrar General designates the statutory officers who have the powers and obligations granted to them under the *Real Property Act* and the *Personal Property Security Act*.

These statutory officers include district registrars, deputy district registrars, the examiner of surveys, deputy examiners of surveys, a Registrar of Personal Property Security and deputy registrars. The statutory officers are accountable to the Registrar-General.

The Property Registry does not include other provincial registries such as the Companies Office and Vital Statistics.

Decision to Proceed

In its 2012 budget, the Province of Manitoba committed to find operating efficiencies to deal with two significant economic challenges:

- The lingering impact of the 2008 financial collapse that resulted in the worst global recession since the Great Depression.
- The financial impact of the flood of 2011 that resulted in more than $1 billion in unanticipated financial costs for Manitoba.

As part of this initiative, the Province of Manitoba sought to identify $75 million in the sale of public assets.

Within this context, Teranet approached Manitoba to express its interest regarding a transfer agreement where it would take over the operations of the Property Registry. The province subsequently asked Teranet to outline terms of such a potential agreement. This included an up-front fee for assets of $7 million and an additional $68 million as part of a licensing agreement to provide land titles services on behalf of the Province of Manitoba.

In addition, Teranet would also collect the Land Transfer Tax and immediately transfer it to the Province of Manitoba and would offer positions to all of the 120 employees.

Those employees would also continue to be represented by the Manitoba Government Employees Union and would retain membership in the Civil Services Superannuation Plan.

As well, the Property Registry was in need of a significant capital investment to move to an online system. Teranet agreed to take on the costs of that investment as part of the licensing agreement.

What is Teranet?

Teranet is an international leader in electronic land registration and is the exclusive provider of online property search and registration in Ontario. It was founded in 1991 as a public-private partnership to automate the Ontario public land registry system.

In 2008, Teranet was acquired by Borealis, the infrastructure investment arm of the Ontario Municipal Employee Retirement System (OMERS).

In December 2010, the Province of Ontario extended its exclusive relationship with Teranet by 50 years, a commitment which demonstrates that province's confidence in the service it provides.

In addition to the company's services for Ontario, Teranet offers innovative electronic solutions to a network of more than 80,000 end users, 38 real estate boards and more than 250 municipalities and institutions in the legal, real estate, government and financial markets.

In a 2012 customer experience survey, Teranet garnered a score of 87.6 per cent for this value-added solutions line of business.

Terms of the Agreement

After determining Teranet was able to serve the interests of Manitoba, formal terms of the agreement were negotiated, including:

- ensuring a high-quality service at no cost to government
- gaining expert service delivery from an experienced provider
- receiving an upfront payment of $75 million and stable and escalating revenue for 30 years
- establishing a new Manitoba company with associated economic benefits
- reducing the civil service without job loss
- modernizing systems to improve service to clients
- retaining provincial oversight and ownership of official data
- continuing operation of office locations, and ensuring the province agrees to any change in these requirements

On December 13, 2012, Teranet and Manitoba officially agreed to the terms of the sale and a public announcement was made by both Manitoba and Teranet about the intent to proceed. The key terms of the deal were publicly disclosed in a news release.

The general terms of the transaction covered the sale of the TPR assets and the grant of an exclusive concession to provide services to Manitoba and an exclusive licence to access, copy, transmit, use and distribute the official data.

Determining Fairness of Deal

To help government assess the appropriateness of Teranet as the potential providers of this service and the fairness of the deal, Manitoba retained Deloitte Canada to review and provide its assessment. Deloitte Canada is a professional services provider, including audit, tax, accounting and financial advisory services.

Deloitte reviewed the deal and Teranet's operations, and provided Manitoba with advice on various aspects, including points for negotiating the final terms. Manitoba used this advice to negotiate and finalize the terms and details of the deal, over the subsequent two years.

Because Deloitte reviewed the financial and other information related to Teranet and the Property Registry, details of their work are confidential and could harm the competitive and financial positions of Teranet. That said, Deloitte has provided a summary of its work, which will be published along with this contract summary.

Deloitte researched and advised about the following points:

- Teranet's relationship with Ontario
- Teranet's operating model in Ontario
- that Teranet was the only significant private sector company operating a property registry similar to Manitoba's in a Commonwealth country
- Teranet's financial situation
- fairness of the proposed purchase and licensing deal

Deloitte provided points of negotiation, which were pursued, and concluded the aspects of the financial arrangement were reasonable.

Legal Agreements

Five detailed legal agreements were reached with Teranet. The first was signed on February 7, 2014 and the remainder were signed immediately prior to the transfer of the Property Registry on March 28, 2014. They include:

- the Master Agreement
- the Licence and Service Provider Agreement
- the Asset Purchase Agreement
- the Gain Sharing Agreement
- the Transitional Services Agreement

Master Agreement

The Master Agreement sets out some parameters of the deal, including dispute resolution, required legislation, asset purchase, royalty structure, the collective agreement, the service provider agreement, use of logos, transition and software licenses.

The Licence and Service Provider Agreement

The licence is for a term of 30 years with automatic renewal terms of 10 years, unless either party gives notice at least 24 months before the end of the term it does not wish to extend.

At the end of the term, Manitoba must elect to :

- pay Teranet's wind-down costs (including employee severance and termination costs); or
- in addition to buying the Teranet assets needed to operate (at book value) and assuming contracts, Manitoba will pay Teranet a commercially reasonable rate for a non-exclusive license to use the TPR Software; or
- enter into a new agreement with Teranet

Manitoba maintains ownership of information in the databases, but Teranet has the exclusive right to use the official data and to operate the real property and personal property registries to provide services to the public on behalf of the government.

Teranet will fund its operations by fees, and fees will increase annually according to the agreed upon formula, the Consumer Price Index Plus One.

Teranet Manitoba is entitled to use the official land titles and personal property registry data in the development and distribution of valued-added products, provided they comply with applicable laws, including privacy laws in Manitoba.

The province must approve the value-added product in advance. The fee for the value-added product is set by Teranet, and not subject to the province's approval.

Regulatory power

The agreements do not limit or regulate government's right to govern, but changes in law, regulation or policy which adversely affect Teranet's economic situation may give rise to a claim for compensation by Teranet. An exclusion to this is Teranet cannot claim for a change in tax law which affects persons generally.

Royalty and Gain Sharing

The Province of Manitoba is to receive an annual royalty during the 30-year exclusive licence agreement for the use of the land titles and personal property registry data. The royalty is based on transaction volumes for specified land titles registrations, searches, eligible transactions and transaction volumes for personal property registry registrations and searches.

The amount of the royalty is based on actual volumes compared to the volumes outlined in projections. The details regarding the formula and demographic projections are based on historic usage of registries, and projections of growth. They are forecasts only. Based on the forecast of demographic growth and use, the annual royalty payment was estimated at $11 million in 2014, increasing steadily over time to a projected $24 million by the end of the 30-year licensing agreement.

At the end of the 30-year term or if Teranet Ontario sells a significant portion of its interest in Teranet Manitoba before its end, Teranet Manitoba will apply the formula to determine if a gain-sharing payment is due to Manitoba. The formula allows Manitoba to share in any extraordinary profit because of the licensed service.

Oversight

Oversight of Teranet's duties as service provider will be maintained by the Office of the Registrar-General (ORG) within the Manitoba Tourism, Culture, Sport, Heritage and Consumer Protection.

Teranet duties are set out in section 3 of the *Real Property Act*. These duties include the collection and retention of fees, government records, application of FIPPA, duties, confidentiality, reporting of records relating to FIPPA, privacy policy and conflict of interest policy.

Relationship

The Province of Manitoba and Teranet will need to work together on any operational issues that might emerge. The two joint committees will meet regularly and discuss issues such as performance standards and general contract administration.

Performance triggers have been established related to land titles document registration turnaround time. If the trigger levels are exceeded, Teranet Manitoba must initiate action plans, then up to three remedial plans. Teranet Manitoba will be fined for any lapses. In the event of further lapses, the fine increases per day, and Teranet must retain an independent performance expert.

A more comprehensive performance framework and performance triggers will be agreed upon within the first five years of the agreement and reviewed and renegotiated every five years thereafter.

Employee and Office Retention

The province will employ the Registrar-General to provide duties of oversight, ensuring that Teranet lives up to the terms of its commitment, including customer service, privacy, quality and general standards.

All of the remaining 120 individuals employed by the Property Registry were offered positions with Teranet Manitoba. A total of 99 staff transferred to Teranet. The remaining staff declined Teranet's offer of employment.

Staff of Teranet will be represented by the union of their choice and will be covered by the current collective agreement. In 2014, a new collective agreement will be negotiated between Teranet Manitoba and the Manitoba Government and General Employees' Union. They will remain part of the Civil Service Superannuation Plan. Employer contributions and any arrangements Teranet has with the Civil Service Superannuation Plan are confidential to Teranet.

The former Deputy Registrar General/District Registrar of the Winnipeg Land Titles Office has been hired by Teranet Manitoba to serve as the general manager of the Property Registry in Manitoba.

Teranet is required to continue to operate its offices. The province must agree to any change in these requirements.

Conclusion

The contract between Manitoba and Teranet Manitoba was developed in good faith by representatives and employees of both organizations.

During negotiations, officials with the Province of Manitoba worked to protect the interests of Manitobans by negotiating a deal that:

- ensures a high-quality service
- provides fair value in terms of receiving upfront payments and retaining a long-term revenue source
- establishes a new Manitoba company with associated economic benefits
- reduces the size of the civil service without job loss
- retains oversight and ownership of official data
- retains rural offices

Appendix 1: Legislative Summary

Bill 34, the *Property Registry Statutes Amendment Act* was introduced into the Manitoba Legislative Assembly May 6, 2013,assented to on September 13, 2013 and proclaimed March 29, 2014.

On September 5, 2013 the matter was brought before the Standing Committee on Social and Economic Development. No public presentations were made against the bill. One written objection from Ontario was received.

The act provides a number of amendments to different pieces of legislation that govern the operations and authorities of the Property Registry, including:

Real Property Act

- service provider provisions
- confidential information and FIPPA
- privacy policy
- conflict-of-interest policy
- professional stipulations
- office hours
- payment of fees
- appointment of the Registrar-General, Deputy Registrar-General
- appointment of the Examiner of Surveys, Deputy Examiner of Surveys
- delegation of duties
- revocations and qualifications
- prohibited employment measures

The Personal Property Security Act

- adds definitions and content regarding protection of personal information, registry service and service provider

The Registry Act

- amends service provider as under the *Real Property Act*.
- identifies that records registered under the act are the property of government.

Minor corrections to various acts to clarify that the "service provider" is responsible for operating TPR, its registries, collecting fees and taxes.

Notably, the service provider is required to prepare a privacy policy, a conflict-of-interest policy and is bound by the privacy requirements of the *Freedom of Information and Protection of Privacy Act (FIPPA).*

REGULATIONS:

The *Property Registry Statutes Amendment Act* has provided for circumstances where regulations can be made or existing regulations amended.

Also a matter of public record in Manitoba, regulations are approved by Cabinet by an Order in Council (OIC) and set out the details that are not appropriate to legislation. For instance, in the legislation there are multiple references to the "service provider". The regulations identify that Teranet Manitoba LP is the designated "service provider" to provide land registry services and personal property registry services on behalf of the Province of Manitoba. Because legislation is not easily amended, it is usually drafted in a manner that stands the test of time. Regulations can be more easily amended, and so details such as names that may change in time rest here.

The regulations also set out the specific fees and annual fee increases for the Property Registry products. Annual fee increases are tied to the Consumer Price Index plus one.

The regulations identify that the legislation and regulations will come into force on proclamation. The published Order in Council 94/2014 dated March 12, 2014 proclaimed the act effective March 29, 2014. Other OICs from that day were also made to put in place the regulations under the various acts identified.

CONFIDENTIAL AND
COMMERCIALLY SENSITIVE

Execution Version

MASTER AGREEMENT

TERANET MANITOBA LP

– and –

BOREALIS INFRASTRUCTURE MANAGEMENT INC.

– and –

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA, AS REPRESENTED BY THE MINISTER OF FINANCE

MASTER AGREEMENT

This Agreement has been agreed to as of the 31st day of January, 2014 (the "**Effective Date**")

BETWEEN

TERANET MANITOBA LP, a limited partnership organized under the laws of Manitoba,

("**Teranet Manitoba**")

– and –

BOREALIS INFRASTRUCTURE MANAGEMENT INC., a corporation incorporated under the laws of Canada,

("**Borealis**")

– and –

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA, AS REPRESENTED BY THE MINISTER OF FINANCE,

(the "**Province**")

WHEREAS the Province and Teranet Manitoba have agreed to the fundamental terms and conditions of a transaction pursuant to which the Province will grant to Teranet Manitoba a long-term exclusive concession to own and operate the TPR Business (as defined below) and to provide services to the Province to facilitate the delivery by the Province of its statutory functions relating to the Land Titles Office and the Personal Property Registry on the principal terms and conditions outlined in this Agreement and the other Definitive Agreements (the "**Transaction**");

NOW THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
DEFINITION

Section 1.1 Due Diligence

The entering into of the Definitive Agreements and the completion of the Transaction described herein is subject to each of the Parties completing their respective due diligence and being satisfied in their sole discretion with the result thereof.

Section 1.2 Definitions

For the purposes of this Agreement, unless the context otherwise requires, the following terms have the respective meanings set out below:

"**affiliate**" means, with respect to any Person, any other Person which, directly or indirectly, (i) Controls the first Person, (ii) is Controlled by the first Person, or (iii) is under common Control with the first Person.

"**Agreement**" means this master agreement.

"**Applicable Laws**" means all applicable laws, statutes, regulations, codes, by-laws, ordinances, treaties, orders, judgements, decrees, directives, rules, guidelines, policies and other requirements of any Governmental Authority having jurisdiction, in each case having the force of law that are legally binding on the relevant person, property, transaction or event.

"**Arbitration**" means arbitration conducted in accordance with Schedule A (*Dispute Resolution*).

"**Arbitrator**" means an arbitrator appointed pursuant to Schedule A (*Dispute Resolution*).

"**Armorial Ensign**" means the Armorial Ensign described in Schedule B to the Business Identifier License Agreement.

"**Asset Purchase Agreement**" means the agreement to be entered into on the Closing Date between the Province and Teranet Manitoba substantially in the form attached as Schedule C (*Asset Purchase Agreement*).

"**Assigned Lease**" means the lease dated December 21, 2006 between Her Majesty the Queen in Right of the Province of Manitoba, as represented by the Minister of Infrastructure and Transportation and 4804954 Manitoba Ltd., to be assigned to Teranet Manitoba by the Province pursuant to an assignment of lease to be executed on the Closing Date.

"**Average Prime Rate**" means at any time the mean, rounded to two decimal places, of the annual rates of interest announced by each of Royal Bank of Canada, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Bank of Montreal and The Toronto-Dominion Bank (or their respective successors) to be its prime or reference rate of interest in effect at such time for determining interest rates on Canadian dollar commercial loans by such bank in Canada.

"**Borealis**" means Borealis Infrastructure Management Inc.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or statutory holiday in the Province of Manitoba.

"**Business Identifier License Agreement**" means the business identifier license agreement to be entered into on the Closing Date generally in the form attached as Schedule H (*Business Identifier License Agreement*).

"**Business Identifiers**" means the Official Marks, the Armorial Ensign and the Business Names.

"**Business Names**" means the business names registered in accordance with Sections 4.1 to 4.3 inclusive of the Business Identifier License Agreement.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Claim**" means any actual or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim or demand resulting therefrom or any other claim or demand of whatever nature or kind.

"**Closing**" means the completion of the Transaction on the Closing Date.

"**Closing Date**" means March 28, 2014 or such other date as the Parties may agree.

"**Closing Date Payment**" has the meaning ascribed thereto in Section 3.1(1).

"**Confidential Information**" means: (i) all data and information relating to the business of one Party or its affiliates, or to their finances, marketing plans, proprietary and trade secrets, technology and accounting records to which access is obtained hereunder; (ii) all records, data and files provided by one Party to the other Party for processing pursuant to any of the agreements referred to herein; (iii) all Software and all technical documentation and know-how owned by either Party or its licensors; and (iv) all other data and information exchanged between the Parties relating to the Transaction, the TPR Business, the TPR Services and this Agreement; provided, however that Confidential Information shall not include any data or information which (A) is or becomes publicly available through no fault of the Party claiming the benefit of this exemption, (B) is already in the rightful possession of such Party prior to its receipt from the other Party, (C) is independently developed by the Party claiming the benefit of this exemption, (D) is rightfully obtained by such Party from a third party, or (E) is Official Data and further provided that, following the Commencement Date, the Purchased Assets (as defined in the Asset Purchase Agreement) shall be Confidential Information of Teranet Manitoba and not the Province.

"**Control**" means: Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**CPI**" means the Consumer Price Index for Canada, all-items, not seasonally adjusted (base year 2002), as currently reported by Statistics Canada in Table 5 of The Consumer Price Index (Catalogue no. 62-001-X) or the comparable replacement index, prepared by Statistics Canada, its successor or another body that assumes responsibility for the preparation of that index. If there is no such index, "**CPI**" means a comparable price index or measure designated by the Lieutenant Governor in Council of Manitoba; provided that if there is a Dispute with respect to whether the index or measure so determined by the Lieutenant Governor in Council of Manitoba is comparable to the Consumer Price Index for Canada, all items, not seasonably adjusted (base year 2002), prepared by Statistics Canada, such Dispute shall be referred to an Expert in accordance with Schedule A (*Dispute Resolution*).

"**CSI**" means the Client Service Improvement Initiative with respect to the TPR Business, as generally described in Schedule P to the License and Service Provider Agreement.

"**CSSA**" means the *Civil Service Superannuation Act*.

"**CSS Plan**" has the meaning ascribed thereto in Section 5.3(7).

"**Damages**" means any and all liabilities (whether accrued, actual, contingent, latent or otherwise), losses, obligations, damages, injuries, penalties, fines, claims (including environmental claims and claims involving liability in tort, strict or otherwise), demands, actions, suits, judgments, orders, proceedings, costs, fees, expenses and disbursements of any kind or nature whatsoever (including reasonable fees and out-of-pocket expenses of counsel, accountants and other professionals and reasonable costs of investigation).

"**Definitive Agreements**" means this Agreement, the License and Service Provider Agreement, the Asset Purchase Agreement, the Gain Sharing Agreement, the Business Identifier License Agreement and the Transitional Services Agreement.

"**Direct Claim**" means any cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Person to make a claim for indemnification under this Agreement or any Definitive Agreement.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Dispute**" has the meaning ascribed thereto in Section 11.1.

Section severed per s.18.1 FIPPA.

"**Effective Date**" has the meaning ascribed thereto on the first page hereof.

"**Effective Time**" means 12:01 a.m. on March 29, 2014, or such other time or date as the Parties may agree.

"**Enabling Legislation**" means the legislation and regulations required to implement the Transaction and to facilitate Teranet Manitoba carrying on its mandate in connection with the management and operation of the TPR System and provision of the TPR Services, and which includes the legislation and regulations described in Schedule B (*Enabling Legislation*).

"**Excluded Assets**" has the meaning ascribed thereto in the Asset Purchase Agreement.

"**Extended Term**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**GAAP**" means at any time, those accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at such relevant time; and, for the avoidance of doubt, includes International Financial Reporting Standards as adopted by the Canadian Institute of Chartered Accountants until such time as such standards are no longer recommended by the Canadian Institute of Chartered Accountants or a successor organization and in such event it shall mean such other generally accepted accounting principles as may be adopted by the Canadian Institute of Chartered Accountants or such successor organization, and includes, as it relates to the books and records of the Province and TPR, the accounting principles generally accepted in Canada for public sector entities as recommended in the Handbook of the Canadian Institute of Chartered Accountants at such relevant time.

"**Gain Sharing Agreement**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**GEMA**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**GEMA Transition Agreement**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Generally Accepted Practices**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Governmental Authority**" means any Canadian government, whether federal, provincial, county, municipal, local or other and any ministry, department, agency, authority (including the Registrar-General and any Deputy Registrar-General appointed under the Land Registration Statutes and the Personal Property Registration Statutes), entity or other body exercising executive, legislative, regulatory or administrative functions of Canadian government.

"**GST**" has the meaning ascribed thereto in Section 3.1(2).

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Indemnified Person**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Indemnitor**" Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Initial Term**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**In-Scope Employee**" means a TPR Employee other than a Province Retained Employee.

"**Intellectual Property Rights**" means:

(a) any and all proprietary rights anywhere in the world provided under:

(i) patent law;

(ii) copyright law (including moral rights);

(iii) trade-mark law (including business names, corporate names, domain names, website names, world wide web addresses, service marks, certification marks, trade dress and logos, and the goodwill associated with any of the foregoing); and

(iv) laws relating to designs, including industrial designs; or any other statutory provision or common law principle that may provide a right in intellectual or industrial property, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, works or other subject matter, designs, know-how, methods, ideas, processes, technology, business methods, algorithms, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; and

(b) any and all applications, registrations, reissues, divisions, provisional applications, substitutions, revivals, renewals, extensions, continuations, and continuations-in-part of any of the rights set out in (a) above.

The term "**Intellectual Property**" means the intellectual property referred to above to which an Intellectual Property Right applies.

"**Interim Period**" means the period from the date of execution of this Agreement until and including the Closing Date.

"**Joint Executive Committee**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**Joint Service Delivery Committee**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**Knowledge Base**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**Land Registration Data**" means: (i) the information contained in the Land Registration Instruments and Records including Survey Data; (ii) each Land Registration Record; and (iii) each Land Registration Instrument.

"**Land Registration Database**" means the compilation of all Land Registration Data as organized in accordance with the Rules of Practice but, for greater certainty, excludes the TPR Software.

"**Land Registration Instruments and Records**" together mean each original (including any copy which replaces an original and thereby becomes the original) of a certificate of title, title, certificate of search or charge, record or any other documents, plans, or instruments regardless of form, including in electronic format, or other data that is permitted or required by the Land Registration Statutes, relating to a dealing with land, relating to creation of a mortgage, encumbrance, lien or interest on land, or evidencing title to land, received by, registered, deposited or filed with, or created by, the Province or Teranet Manitoba on its behalf pursuant to the provisions of the Land Registration Statutes (the "**Land Registration Instruments**") and the record books, records, registers, and indices, including record books in which certificates of title and other data concerning title to land are entered and maintained, created and maintained by the Province or Teranet Manitoba on its behalf pursuant to the provisions of the Land Registration Statutes (the "**Land Registration Records**").

"**Land Registration Statutes**" means all statutes governing the registration of interests in land in the Province of Manitoba and includes:

(a) *The Real Property Act* (Manitoba);

(b) *The Registry Act* (Manitoba);

(c) *The Property Registry Statutes Amendment Act* (Manitoba);

(d) *The Religious Societies' Lands Act* (Manitoba);

(e) *The Title to Certain Lands Act* (Manitoba);

(f) *The Condominium Act* (Manitoba);

(g) *The Municipal Act* (Manitoba);

(h) *The Builders Liens Act* (Manitoba);

(i) *The Homesteads Act* (Manitoba);

(j) *The City of Winnipeg Charter* (Manitoba);

(k) *The Northern Affairs Act* (Manitoba);

(l) *The Expropriation Act* (Manitoba);

(m) *The Municipal Board Act* (Manitoba);

(n) *The Public Schools Act* (Manitoba);

(o) *The Public Trustee Act* (Manitoba);

(p) *The Highways and Transportation Act* (Manitoba);

(q) *The Manitoba Hydro Act* (Manitoba);

(r) *The Residential Tenancies Act* (Manitoba);

(s) *The Water Resources Administration Act* (Manitoba);

(t) *The Anglican Church of Canada Temporality Act* (Manitoba);

(u) *The Army, Navy and Airforce Veterans in Canada Landholding Act* (Manitoba);

(v) *The Canadian Pacific Railway Company Subsidiaries Act* (Manitoba);

(w) *The Northern Pacific and Manitoba Railway Company Act* (Manitoba);

(x) *The Portage and North Western Railway Incorporation Company Act* (Manitoba);

(y) *The Roman Catholic Archiepiscopal Corporation of Winnipeg and the Roman Catholic Archdiocese of Winnipeg Act* (Manitoba);

(z) *The Royal Canadian Legion Lands Act* (Manitoba);

(aa) *The Salvation Army, Canada West, Property Act* (Manitoba);

(bb) *The United Church of Canada Act* (Manitoba);

(cc) *The Waskada and North-Eastern Railway Company Incorporation Act* (Manitoba);

(dd) *The Contaminated Sites Remediation Act* (Manitoba); and

(ee) *The Criminal Property Forfeiture Act* (Manitoba).

"**Land Titles Office**" has the meaning ascribed thereto in Section 4(2) of *The Real Property Act* (Manitoba).

"**Leased Premises**" has the meaning ascribed thereto in the Asset Purchase Agreement.

"**License and Service Provider Agreement**" means the agreement to be entered into on the Closing Date between the Province and Teranet Manitoba substantially in the form attached as Schedule F (*License and Service Provider Agreement*).

"**LTOs Lease**" means the lease to be executed on the Closing Date between Her Majesty the Queen in Right of the Province of Manitoba, as represented by the Minister of Infrastructure and Transportation, as landlord, and Teranet Manitoba, as tenant, in respect of the Leased Premises.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Non-Union Retained Employees**" has the meaning ascribed thereto in Section 5.4(5).

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Official Data**" means, collectively, the Land Registration Data, the Personal Property Registration Data and any other data contained in an Official Database.

"**Official Databases**" means, collectively, the Land Registration Database and the Personal Property Registration Database, but for greater certainty, excludes the TPR Software.

"**Official Mark**" means TPR's "tornado" design mark, as further described in Schedule A to the Business Identifier License Agreement.

"**ORG**" means the Office of the Registrar-General.

"**Parent**" means Teranet Holdings LP.

"**Parties**" means the parties to this Agreement, and "**Party**" means any one of them.

"**Person**" includes an individual, partnership, trust, trustee, executor, administrator, legal personal representative, government, governmental body or authority, corporation, body corporate, limited liability corporation, unlimited liability corporation or other incorporated or unincorporated entity.

"**Personal Property Registration Data**" means: (i) the information contained in the Personal Property Registration Documents and Records, (ii) each Personal Property Registration Record, and (iii) each Personal Property Registration Document.

"**Personal Property Registration Database**" means the compilation of all Personal Property Registration Data as organized in accordance with the Rules of Practice but, for greater certainty, excludes the TPR Software.

"**Personal Property Registration Documents and Records**" together mean each original (including any copy which replaces an original and thereby becomes the original) of the documents or data, including any data that is permitted or required by the Personal Property Registration Statutes, regardless of form received by, registered, deposited or filed with the Province or Teranet Manitoba on its behalf pursuant to the provisions of the Personal Property Registration Statutes (the "**Personal Property Registration Documents**") and the registers and indices created and maintained by the Province or Teranet Manitoba on its behalf pursuant to the provisions of the Personal Property Registration Statutes (the "**Personal Property Registration Records**").

"**Personal Property Registration Statutes**" means all statutes governing the registration of notices of interests in personal property in the Province of Manitoba and includes:

(a) *The Personal Property Security Act* (Manitoba);

(b) *The Property Registry Statutes Amendment Act* (Manitoba);

(c) *The Garage Keepers Act* (Manitoba);

(d) *The Credit Unions and Caisses Populaires Act* (Manitoba);

(e) *The Body Armour and Fortified Vehicle Control Act* (Manitoba); and

(f) *The Criminal Property Forfeiture Act* (Manitoba).

"**Proponent**" has the meaning ascribed thereto in Section 13.1(3).

"**Province**" means Her Majesty the Queen in Right of the Province of Manitoba, as represented by the Minister of Finance.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Province Permitted Assignee**" has the meaning ascribed thereto in Section 10.4(2).

"**Province Retained Employees**" means, collectively, the Unionized Retained Employees and the Non-Union Retained Employees.

"**Provincial Statutory Law**" means (i) all present or future applicable statutes, regulations, decrees, orders in council, orders, policy directives, rules, directions, decisions and policy statements by the Province of Manitoba (including, without limitation, by any Manitoba Governmental Authority) that are legally binding on the relevant person, property, transaction or

event and shall include, without limitation, the Land Registration Statutes and the Personal Property Registration Statutes and (ii) any order, policy directive or policy, procedure, rule, direction, decision, directive or policy statement of a department or other Manitoba Government Authority relating thereto, including the Rules of Practice.

"**PSIA**" means *The Public Servants Insurance Act*.

"**PSIA Group Plan**" has the meaning ascribed thereto in Section 5.3(7).

"**Purchased Assets**" has the meaning ascribed thereto in the Asset Purchase Agreement.

"**Registrar-General**" means the Registrar-General appointed pursuant to the Land Registration Statutes.

"**Registration Services**" means the services more particularly described in Section 2 of Schedule A to the License and Service Provider Agreement.

"**Rules of Practice**" means, collectively:

(a) the rules relating to the TPR System or the governing of the provision of TPR Services, including:

(i) for each of the Land Registration Instruments and Records and the Personal Property Registration Documents and Records a description of:

(A) the information required in such Land Registration Instruments and Records and Personal Property Registration Documents and Records; and

(B) how such information is organized and formatted in such Land Registration Instruments and Records and Personal Property Registration Documents and Records;

(ii) the standardized rules, procedures and processes used in carrying out the Registration Services, including the requirements for document creation, registration and certification; and

(iii) the rules for the creation, management and use of records, including the requirements and procedures for Recordkeeping (as that term is defined in Section 1(3)(p) of the License and Service Provider Agreement) set out in more detail in Schedule A to the License and Service Provider Agreement;

(b) the system logic and protocols forming part of or used to interface with the Official Databases; and

(c) the standardized rules, procedures and processes to submit, format, structure, access and retrieve the Official Data, including the rules regarding the format and content of Land Registration Instruments and Records and Personal Property Registration Documents and Records.

as established from time to time by the Province in accordance with the Land Registration Statutes, the Personal Property Registration Statutes, *The Archives and Recordkeeping Act* (Manitoba) and the License and Service Provider Agreement.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Section 6(5) Employer**" has the meaning ascribed thereto in the Asset Purchase Agreement.

"**Security Obligations**" means the security requirements and obligations to be complied with by Teranet Manitoba substantially in the form attached as Schedule E to the License and Service Provider Agreement.

"**Statutory Officers**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**Step-in Agreement**" means an agreement substantially in the form of Schedule G (*Step-In Agreement*) to this Agreement entered into from time to time, as applicable, in connection with a financing arranged by Teranet Manitoba.

"**Survey Data**" means: (i) the information contained in the Land Registration Instruments and Records which may be used to create or modify a map, plan, chart or other visual representation of land; and (ii) Land Registration Instruments and Records that constitute or pertain to any map, plan, chart or other visual representation of land.

"**Taxes**" means all taxes, rents, rates, deductions, withholdings, imposts, levies, premiums, assessments, sales taxes, goods and services taxes, harmonized sales taxes, governmental fees or dues of any kind or nature whatsoever imposed by any Governmental Authority within Canada or any other jurisdiction having power to tax, together with any penalties, fines, additions to tax and interest thereon but expressly excluding TPR Fees.

"**Teranet Affiliate Assignee**" has the meaning ascribed thereto in Section 10.2(4).

"**Teranet Manitoba**" means Teranet Manitoba LP and its permitted successors and assigns.

"**Teranet Manitoba Assets**" means the property (tangible and intangible) and other rights (contractual and otherwise) owned, leased or licensed by Teranet Manitoba from time to time and used exclusively to operate, maintain and manage the Official Databases and deliver or facilitate the delivery of the TPR Services, including the Purchased Assets, the TPR Software but excluding the Definitive Agreements.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

"**Term**" means the term of the License and Service Provider Agreement and includes the Initial Term of the License and Service Provider Agreement provided for in Section 4.1(1) thereof and any Extended Term in accordance with the provisions of Section 4.1(2) thereof.

"**Term Sheet**" means the term sheet dated December 12, 2012 between Teranet Holdings LP, Borealis Infrastructure Management Inc. and the Province, as represented by the Minister of

Finance, pursuant to which the Parties agreed in principle to the fundamental terms and conditions of the Transaction.

Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act*.

"**Time of Closing**" means 11:00 a.m. (Manitoba time) on the Closing Date or such other time as may be mutually agreed upon by the Parties in writing.

"**TPR**" means The Property Registry, a Special Operating Agency of the Province of Manitoba.

"**TPR Business**" means the provision of the TPR Services as heretofore carried on by TPR and as the same may evolve and change as contemplated in the License and Service Provider Agreement but excluding the activities to be carried on by the Province identified in Sections 7.2(5) to 7.2(8) inclusive of the License and Service Provider Agreement.

"**TPR Electronic System**" means Teranet Manitoba's electronic system including all hardware and the TPR Software, and all successor technology, used to provide TPR Services electronically.

"**TPR Employees**" has the meaning ascribed thereto in Section 6.1(1)(e).

"**TPR Fees**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**TPR Services**" means land registration and search services and personal property security registration and search services in the Province of Manitoba including:

(i) the management, operation, maintenance and administration of the Land Registration Database (including electronic registration systems) in accordance with the Land Registration Statutes and Rules of Practice;

(ii) the management, operation, maintenance and administration of the Personal Property Registration Database (including electronic registration systems) in accordance with the Personal Property Registration Statutes and the Rules of Practice; and

(iii) the management, operation, maintenance and administration of the written and drawn legal description of all real property in the Province of Manitoba in accordance with the Land Registration Statutes and the Rules of Practice,

provided that the TPR Services shall expressly exclude the administration and maintenance by the Director of Surveys for the Province of Manitoba of the written and drawn legal description of Crown lands (as that term is defined in *The Crown Lands Act* (Manitoba)) pursuant to the statutory duties and functions of the Director of Surveys under *The Crown Lands Act* (Manitoba) as such duties and functions are in effect as of the Closing Date. For greater certainty, TPR Services includes the Registration Services and excludes Value Added Products.

"**TPR Software**" means all software (both source code and object code) that is owned, licensed, acquired or developed by Teranet Manitoba, including all software licensed or conveyed to Teranet Manitoba by the Province as at the Closing Date in accordance with the Asset Purchase Agreement, and used in connection with the development, enhancement, implementation, maintenance or operation of the TPR System, including all modifications, new versions,

corrections, updates and upgrades thereto, all related documentation and manuals and all successor software used for the same purpose.

"**TPR System**" means the system by which the TPR Services are delivered and includes the TPR Electronic System and the in-person delivery system, including the Land Titles Offices.

"**Transaction**" has the meaning ascribed thereto in the Recitals to this Agreement.

"**Transferred Employees**" has the meaning ascribed thereto in the Asset Purchase Agreement.

"**Transitional Services Agreement**" means the agreement to be entered into on the Closing Date between the Province and Teranet Manitoba substantially in the form attached as Schedule I (*Transitional Services Agreement*).

"**Unionized Retained Employees**" means unionized TPR Employees who exercise their rights to remain employed with the Province following the Closing Date and, accordingly, are not transferred to, and do not commence employment with, Teranet Manitoba on the Closing Date.

"**VAP Business**" means Teranet Manitoba's business of making available to its customers Value Added Products.

"**Value Added Products**" has the meaning ascribed thereto in the License and Service Provider Agreement.

"**YMPE**" means the yearly maximum pension earnings.

Section 1.3 **Schedules**

The following Schedules are attached to and form part of this Agreement:

Schedule A	Dispute Resolution
Schedule B	Enabling Legislation
Schedule C	Form of Asset Purchase Agreement
Schedule D	Form of Gain Sharing Agreement
Schedule E	Form of SEVERED
Schedule F	Form of License and Service Provider Agreement
Schedule G	Form of SEVERED
Schedule H	Form of Business Identifier License Agreement
Schedule I	Form of Transitional Services Agreement
Schedule J	Required Consents
Schedule K	Form of SEVERED

Section 1.4 **Gender and Number**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

Section 1.5 **Headings, etc.**

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement.

Section 1.6 **Currency**

All references in this Agreement to dollars, or to $ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.7 **Certain Phrases, etc.**

In this Agreement: (i) the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**"; and (ii) the phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, of**". Unless otherwise specified, the words "**Article**" and "**Section**" followed by a number mean and refer to the specified Article or Section of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to but excluding**".

Section 1.8 **References to Persons and Agreements**

Any reference in this Agreement to a Person includes its successors and permitted assigns. The term "Agreement" and any reference to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and includes all schedules to it.

Section 1.9 **Statutes**

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted.

Section 1.10 **Non-Business Days**

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment shall be made or such action shall be taken on or not later than the next succeeding Business Day.

Section 1.11 **Accounting Terms and CPI**

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with GAAP. Unless otherwise expressly provided herein, wherever an amount is to be adjusted by CPI under this Agreement, such amount shall be increased effective on the first day of each

calendar year commencing with the calendar year commencing on January 1, 2015 by the percentage increase in the CPI for the twelve month period ending on June 30 in the calendar year immediately prior to the calendar year in which such increase is to take effect (expressed as a percentage rate). The Joint Service Delivery Committee will confirm the increase in all such amounts as soon as reasonably possible after the CPI information for the prior calendar year becomes available.

ARTICLE 2
TERM

Section 2.1 Term

The term of the Master Agreement shall commence on the Effective Date and, unless earlier terminated in accordance with its terms, shall end on the last day of the Term.

ARTICLE 3
PAYMENT

Section 3.1 Proceeds to the Province

(1) On the Closing Date, and subject to the adjustments expressly contemplated in this Agreement or the other Definitive Agreements, Teranet Manitoba will pay to the Province $75,000,000 as follows:

(a) in accordance with the terms of the Asset Purchase Agreement, as payment of the cash portion of the purchase price in respect of the Purchased Assets, $7,000,000, subject to adjustments as set out therein; and

(b) $68,000,000 as consideration for the Province entering into the License and Service Provider Agreement, this Agreement, the Gain Sharing Agreement, the Transitional Services Agreement, the LTOs Lease and the Business Identifier License Agreement,

(the aggregate amount of which is referred to herein as the "**Closing Date Payment**").

(2) The Closing Date Payment will be exclusive of all Taxes payable under Part IX of the *Excise Tax Act* (Canada) ("**GST**"), which applicable GST will be payable by Teranet Manitoba on the Closing Date. The Closing Date Payment will be inclusive of all applicable Taxes payable under Applicable Laws of the Province of Manitoba including retail or provincial sales tax.

(3) Teranet Manitoba shall pay the amounts payable to the Province pursuant to Section 3.1(1) by wire transfer to a bank account designated by the Province in writing to Teranet Manitoba, such designation to be made not less than three (3) Business Days prior to the Closing Date.

ARTICLE 4
CONDITIONS PRECEDENT

Section 4.1 Conditions Precedent

(1) The obligations of Teranet Manitoba to consummate the Transaction on the Closing Date will be subject to the following conditions, which are for the exclusive benefit of Teranet Manitoba and which are to be performed or complied with at or prior to the Closing Date:

(a) the representations and warranties of the Province in the Definitive Agreements will be true and correct at the Time of Closing with the same force and effect as if made at and as of such time;

(b) the Province will have entered into the remaining Definitive Agreements, in form and substance acceptable to Teranet Manitoba, and performed and complied with its covenants and agreements contained in the Definitive Agreements;

(c) the Enabling Legislation will have come into force and effect, in form and substance acceptable to Teranet Manitoba;

(d) Teranet Manitoba will have received Section severed to protect the business interests of a third party, per s. 18.1 of *The Freedom of Information and Protection of Privacy Act.*

(e) all third party approvals, consents, clearance certificates, waivers (including the consents of any third party landlord to the assignment of any premises leases) for the consummation of the Transaction will have been obtained, including those identified in Schedule J (*Required Consents*) in each case in form and substance acceptable to Teranet Manitoba;

(f) no injunction or other order, decree, or ruling will be pending, threatened or will have been issued which restrains, restricts, prohibits or otherwise makes illegal the consummation of the transactions contemplated herein;

(g) all necessary steps and proceedings will have been taken to permit the Purchased Assets to be duly and regularly transferred and registered in the name of Teranet Manitoba or as Teranet Manitoba directs including the receipt of all approvals, consents, waivers as may be required by Teranet Manitoba of each third party to an agreement to which the Province is a party that forms or relates to the Purchased Assets, in each case in form and substance acceptable to Teranet Manitoba;

(h) Regarding third parties -- Section severed per s.18.1 FIPPA.;

(i) Regarding third parties -- Section severed per s.18.1 FIPPA.;

(j) Regarding third parties -- Section severed per s.18.1 FIPPA.;

(i) Regarding employees -- Section severed per s.18.1 FIPPA.

(k) no material adverse change will have occurred in relation to TPR or its business;

(l) Regarding Teranet Manitoba -- Section severed per s.18.1 FIPPA.

(m) Teranet Manitoba will have completed its due diligence investigations and will be satisfied with the results thereof;

(n) no action or proceeding will be pending by any person to enforce, restrict or prohibit any element of the Transaction;

(o) the Parties shall have agreed upon the terms of the assignments, leases and subleases referred to in Section 5.2(1)(i); and

(p) Teranet Manitoba will be furnished with such certificates or other instruments of the Province as Teranet Manitoba or its counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement have been performed or complied with by the Province at or prior to the Time of Closing have been performed or complied with and that the representations and warranties of the Province herein given are true and correct at the Time of Closing.

(2) The obligations of the Province to consummate the Transaction on the Closing Date will be subject to the following conditions, which are for the exclusive benefit of the Province and which are to be performed or complied with at or prior to the Closing Date:

(a) the representations and warranties of Teranet Manitoba in the Definitive Agreements will be true and correct at the Time of Closing with the same force and effect as if made at and as of such time;

(b) Teranet Manitoba will have entered into (and in the case of the Gain Sharing Agreement, caused Parent to enter into) the remaining Definitive Agreements, in form and substance acceptable to the Province, and performed and complied with its covenants and obligations contained in the Definitive Agreements;

(c) the Enabling Legislation and all necessary regulations promulgated thereunder will have come into force and effect;

(d) all third party consents and approvals for the consummation of the Transaction will have been obtained;

(e) the Province will have completed its due diligence investigations and will be satisfied with the results thereof;

(f) the Province will be furnished with such certificates or other instruments of the Teranet Manitoba as the Province or its counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement have been performed or complied with by Teranet Manitoba at or prior to the Time of Closing have been performed or complied with and that the representations and warranties of Teranet Manitoba herein given are true and correct at the Time of Closing; and

(g) Regarding third parties -- Section severed per s.18.1 FIPPA.

Section 4.2 **Waiver of Condition**

Teranet Manitoba, in the case of a condition set out in Section 4.1(1), and the Province, in the case of a condition set out in Section 4.1(2), will have the exclusive right to waive the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving party.

Section 4.3 **Termination Prior to Closing**

This Agreement may be terminated, by notice given prior to Closing:

(a) by Teranet Manitoba or the Province if a breach of any representation, warranty, covenant, obligation or other provision of this Agreement has been committed by the other Party and such breach has not been waived or cured within thirty (30) days following the day on which the non-breaching Party notifies the other Party of such breach;

(b) by Teranet Manitoba if any condition in Section 4.1(1) has not been satisfied as at the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of Teranet Manitoba to comply with its obligations under this Agreement) and if Teranet Manitoba has not waived such condition on or before the Closing Date;

(c) by the Province if any condition in Section 4.1(2) has not been satisfied at the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Province to comply with its obligations under this Agreement) and the Province has not waived such condition on or before the Closing Date; or

(d) by written agreement of the Province and Teranet Manitoba.

Section 4.4 **Termination Following Closing**

Following Closing this Agreement will be terminated immediately upon any termination or expiry of the License and Service Provider Agreement.

Section 4.5 **Effect of Termination**

Each Party's right of termination under Section 4.3 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 4.3, all further obligations of the Parties under this Agreement will terminate; provided, however, that if this Agreement is terminated by a Party because of a breach of a representation or warranty, covenant, obligation or other provision of this Agreement by the other Party or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of the other Party's failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal remedies with respect to such breach will survive such termination unimpaired.

Section 4.6 **Working Diligently and in Good Faith**

(1) Each of the Parties will work diligently and in good faith and make reasonable efforts to on or before the Closing:

(a) obtain the approvals required for it to enter into the Definitive Agreements;

(b) execute and deliver the Definitive Agreements; and

(c) ensure that the conditions to closing set out in the Definitive Agreements over which it has reasonable control have been performed or complied with by the Closing Date.

(2) Regarding business interests -- Section severed per s.18.1 FIPPA.

Section 4.7 **Survival**

All covenants, representations and warranties of each Party contained in this Agreement will survive the Closing and will continue in full force and effect for the Term.

ARTICLE 5
CLOSING

Section 5.1 **Closing**

The Closing will be completed at the offices of Aikins, MacAulay & Thorvaldson LLP at the Time of Closing.

Section 5.2 **Closing Deliveries**

(1) At the Closing the Parties will deliver documents conventional for a transaction of this type, including the following:

(a) the License and Service Provider Agreement, duly executed by each of the parties thereto;

(b) the Asset Purchase Agreement, duly executed by each of the parties thereto;

(c) the Gain Sharing Agreement, duly executed by each of the parties thereto;

(d) the Transitional Services Agreement, duly executed by each of the parties thereto;

(e) the Business Identifier License Agreement, duly executed by each of the parties thereto;

(f) Regarding employees -- Section severed per s.18.1 FIPPA.;

(g) Regarding third parties -- Section severed per s.18.1 FIPPA.;

(h) an information manager agreement, as required under *The Freedom of Information and Protection of Privacy Act* (Manitoba), duly executed by each of the parties thereto;

(i) the LTOs Lease and an assignment of the Assigned Lease, each duly executed by each of the parties thereto;

(j) customary deeds, assignments, bills of sale and other conveyance documents sufficient to transfer the Purchased Assets to Teranet Manitoba; and

(k) such other certificates, opinions, instruments, documents required by the Definitive Agreements or as may reasonably be requested by one of the Parties prior to the Closing Date to carry out the intent and purposes of the Definitive Agreements.

Section 5.3 **Interim Period**

Details regarding transition strategy are proprietary and severed per s.18.1 FIPPA.

ARTICLE 6
REPRESENTATIONS

Section 6.1 **Representations and Warranties**

(1) The Province represents and warrants, as follows:

(a) the Province has the requisite authority to enter into the Definitive Agreements and all requisite consents and approvals have been obtained and other actions have been taken as required to enter into the Definitive Agreements and to perform its obligations pursuant to such Agreements;

(b) each of the Definitive Agreements to which it is a party constitutes (or on execution will constitute) a valid and legally binding obligation of the Province, enforceable against the Province in accordance with its terms, subject only to the limitations as set out in *The Proceedings Against the Crown Act* (Manitoba), which include: (i) a court in the Province of Manitoba may not grant an injunction or order for specific performance or make an order against the Province for recovery of land or other property, or issue execution or attachment process in the nature thereof, other than an order declaring the claimant is entitled as against the Province to the land or property or possession thereof in certain limited circumstances; and (ii) certain restrictions in respect of rights of set-off or counterclaim;

Details regarding asset transfer strategy are proprietary and severed per s.18.1 FIPPA.

(c) neither the entering into nor the delivery of any of the Definitive Agreements by the Province and neither the performance by the Province of its obligations under the Definitive Agreements nor the completion of the transactions contemplated thereby by the Province will result in a violation of any Applicable Law in respect of which the Province must comply;

(d) Regarding third parties – severed per s.18.1 FIPPA

(e) the Province of Manitoba is registered under Part IX of the *Excise Tax Act* (Canada) with Registration Number R107863847.

(2) Teranet Manitoba represents and warrants that:

(a) Teranet Manitoba is a limited partnership organized under the laws of the Province of Manitoba and has the requisite power and authority to enter into the Definitive Agreements and to perform its obligations pursuant to the Definitive Agreements;

(b) each of the Definitive Agreements constitutes (or on execution will constitute) a valid and legally binding obligation of Teranet Manitoba, enforceable against Teranet Manitoba in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditor's rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;

(c) neither the entering into nor the delivery of any of the Definitive Agreements by Teranet Manitoba and neither the performance by Teranet Manitoba of its obligations under the

Definitive Agreements nor the completion of the transactions contemplated thereby by Teranet Manitoba will result in a violation of:

(i) any of the provisions of the limited partnership agreement pertaining to Teranet Manitoba;

(ii) any agreement or other instrument to which Teranet Manitoba is a party or by which it is bound; or

(iii) any Applicable Law in respect of which Teranet Manitoba must comply;

(d) to the best of Teranet Manitoba's knowledge, information and belief, having made due inquiry, there is no action, claim, demand or other proceeding pending or threatened against Teranet Manitoba before any court or administrative agency that could materially adversely affect Teranet Manitoba or could materially adversely affect its ability to perform its obligations pursuant to the Definitive Agreements; and

(e) Teranet Manitoba is registered under Part IX of the *Excise Tax Act* (Canada) with Registration Number 82348 3334 RT0001.

ARTICLE 7
CERTAIN RESTRICTIONS

Section 7.1 **Certain Restrictions**

Details regarding transition strategy are proprietary and section severed per s.18.1 FIPPA.

ARTICLE 8
INDEMNIFICATION

Section 8.1 **Indemnification**

Details regarding indemnifications are proprietary and section severed per s.18.1 FIPPA.

Section 8.2 **Notification of Claims**

Regarding third party indeminification -- Details regarding transition strategy are proprietary and section severed per s.18.1 FIPPA.

Section 8.3 **Procedures for Third Party Claims**

Regarding third party indeminification -- Details regarding transition strategy are proprietary and section severed per s.18.1 FIPPA.

Section 8.4 **Limitation**

Regarding third party indeminification -- Details regarding transition strategy are proprietary and section severed per s.18.1 FIPPA.

ARTICLE 9

Regarding ownership – details are proprietary and section severed per s.18.1 FIPPA.

Section 10.1

Regarding ownership -- details are proprietary and section severed per s.18.1 FIPPA.

Section 10.2 **Assignment and Transfer by Teranet Manitoba**

(1) During the Term, Teranet Manitoba shall not, without the prior written consent of the Province, assign, whether directly or indirectly, and whether in whole or in part, the Definitive Agreements (other than the Gain Sharing Agreement), except (i) with the prior written consent of the Province as contemplated in this Section 10.2 or except as is expressly contemplated in Section 10.3; and (ii) to a Person to whom all of the Definitive Agreements (other than the Gain Sharing Agreement) have been validly assigned.

(2) Upon the Province receiving prior written notice from Teranet Manitoba with full details of a proposal with respect to any proposed assignment of the Definitive Agreements (other than the Gain Sharing Agreement), the Province agrees that the consent to such proposed assignment, as the case may be, will not be unreasonably withheld or unduly delayed provided that the Province, in determining whether to consent, may take into account the creditworthiness of the assignee and whether the assignment will have an adverse impact on the delivery of the TPR Services.

(3) Any assignee of the Definitive Agreements (other than the Gain Sharing Agreement) must agree to be bound by the terms of the Definitive Agreements (other than the Gain Sharing Agreement). For greater certainty, if the Province consents to an assignment by Teranet Manitoba in accordance with the provisions of Section 10.2(2), then, upon such assignment and the assumption by the assignee of Teranet Manitoba obligations, Teranet Manitoba shall be released of all of its obligations under the Definitive Agreements in respect of which it has made the assignment.

(4) Notwithstanding Section 10.2(1), Teranet Manitoba may assign the Definitive Agreements (other than the Gain Sharing Agreement) to an affiliate of Teranet Manitoba (the "**Teranet Affiliate Assignee**") without the consent of the Province, provided that:

(a) the Definitive Agreements (other than the Gain Sharing Agreement) are each assigned to the Teranet Affiliate Assignee;

(b) the Teranet Affiliate Assignee assumes all of Teranet Manitoba's obligations under the Definitive Agreements (other than the Gain Sharing Agreement) from and after the assignment or transfer; and

(c) the Teranet Affiliate Assignee is capable of assuming and performing Teranet Manitoba's obligations under the Definitive Agreements.

(5) Teranet Manitoba shall be released from its obligations under the Definitive Agreements upon any assignment under Section 10.2(4) with the Province's consent, such consent not to be unreasonably withheld or delayed.

Section 10.3 **Encumbrances**

The Province hereby consents to:

(a) the Parent or any Person who may hold equity interests in Teranet Manitoba pledging such equity interest; and

(b) Teranet Manitoba granting a security interest in all or any part of the real and personal property of Teranet Manitoba including an assignment of any and all material agreements necessary to hold, use or operate the Teranet Manitoba assets including the Definitive Agreements;

in connection with a third party financing or financings arranged at a future date, provided that such consent will be more fully documented at the time of such financing in a Step-In Agreement. If requested by any lender under a financing arrangement, the Province, acting reasonably, will consider any amendments to the form of Step-In Agreement that the lender may reasonably request; provided that the Province shall be provided with a reasonable period of time to consider any such proposed amendments. Teranet Manitoba shall provide the Province with written notice of any such financing prior to the closing thereof.

Section 10.4 **Assignment**

(1) The Province shall not, without the prior written consent of Teranet Manitoba, in its sole discretion, assign, whether directly or indirectly, and whether in whole or in part, the Definitive Agreements.

(2) Notwithstanding Section 10.4(1), the Province may, without the consent of Teranet Manitoba, assign its rights and obligations under the Definitive Agreements to an agent of the Province for which the Province has full liability for all of the agent's obligations and liabilities (a "**Province Permitted Assignee**") provided that:

(a) the Definitive Agreements are each assigned to the Province Permitted Assignee;

(b) the Province Permitted Assignee assumes all of the Province's obligations under the Definitive Agreements from and after the assignment or transfer; and

(c) the Province Permitted Assignee is capable of assuming and performing the Province's obligations under the Definitive Agreements.

ARTICLE 11
DISPUTE RESOLUTION

Section 11.1 **Dispute Resolution Process**

All disputes, controversies and questions directly or indirectly arising under, out of, in connection with, or in relation to any of the Definitive Agreements (other than the Gain Sharing Agreement) or any legal relationships created by the Definitive Agreements (other than the Gain Sharing Agreement) or the subject matter of the Definitive Agreements (other than the Gain Sharing Agreement), including, all disputes, controversies and questions relating to the validity, negotiation, interpretation, construction, performance, termination and enforcement of the Definitive Agreements (other than the Gain Sharing Agreement) (a "**Dispute**"), shall be resolved in accordance with the procedure set out in Schedule A

(*Dispute Resolution*), which shall be the sole and exclusive procedure for the resolution of any such Dispute.

ARTICLE 12
COVENANT OF BOREALIS

Section 12.1 **Covenant**

Details are proprietary and section severed per s.18.1 FIPPA.

Section 12.2 **Limitation**

Details are proprietary and section severed per s.18.1 FIPPA.

ARTICLE 13
GENERAL

Section 13.1 **Confidentiality**

(1) Teranet Manitoba and the Province shall receive and maintain all Confidential Information received from the other in confidence and shall not disclose such information to others, except where permitted by this Agreement; provided that each Party may disclose this Agreement and Confidential Information to any proposed lenders, proposed assignees and proposed transferees of such Party, in each case on a confidential basis. Each Party shall take all reasonable precautions to protect such Confidential Information of the other Party or any part thereof from any use, disclosure or copying except as expressly authorized by this Agreement. Each Party shall take all reasonable steps by contract or otherwise to ensure that its agents, officers, employees and representatives maintain the obligation of confidentiality imposed hereunder, and agreements between Teranet Manitoba or the Province and their respective sub-contractors shall contain provisions similar to this Section 13.1. Without limiting the generality of the foregoing, each Party agrees that it, its accountants and other representatives shall maintain as strictly confidential and secret, and shall not disclose, any Confidential Information learned in the course of any audit performed hereunder, other than disclosure required by Applicable Laws.

(2) The obligation not to disclose Confidential Information set out in Section 13.1(1) does not apply to Confidential Information that is required to be disclosed pursuant to court order, other legal compulsion, or as required by Applicable Law, provided that the receiving Party must first give the disclosing Party notice of such compelled disclosure (except where prohibited by Applicable Law from doing so) and must use commercially reasonable efforts to provide the disclosing Party with an opportunity to take such steps as it desires to challenge or contest such disclosure or seek a protective order. Thereafter, the receiving Party may disclose the Confidential Information, but only to the extent required by Applicable Laws.

(3) Notwithstanding Section 13.1(1) and (2), the Province shall be permitted to disclose information relating to aggregate transaction volumes for services comprising the TPR Services, to the extent such information is readily available to Teranet Manitoba, to a Person (a "**Proponent**") responding to a request for interest or request for proposal issued by the Province in connection with the provision of TPR Services following the expiry or termination of this Agreement provided that the Proponent enters into a non-disclosure agreement with Teranet Manitoba in form and substance acceptable to Teranet Manitoba, acting reasonably.

Section 13.2 **Notices**

Any notice or document required or permitted by this Agreement to be given to a Party shall be in writing and is sufficiently given if delivered personally or if sent by prepaid courier service, or if transmitted by any form of recorded communication tested prior to transmission, to such Party, addressed as follows:

(a) In the case of the Province:

Room 1534 – 405 Broadway
Winnipeg, MB R3C 3L6

Attention: Registrar-General
Facsimile No.: 204-945-4009

and to:

Room 730-405 Broadway
Winnipeg, MB R3C 3L6

Attention: Director, Civil Legal Services SOA
Facsimile No.: 204-948-2041

and to:

Room 109, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Attention: Deputy Minister, Finance
Facsimile No.: 204-945-1640

(b) In the case of Teranet Manitoba:

123 Front Street West
Suite 700
Toronto, Ontario M5J 2M2

Attention: Chief Executive Officer
Facsimile No.: 416-360-1225

and to:

123 Front Street West
Suite 700
Toronto, Ontario M5J 2M2

Attention: Chief Legal Counsel and Corporate Secretary
Facsimile No.: 416-360-2841

and to:

Borealis Infrastructure Management Inc.
Royal Bank Plaza, South Tower
Suite 2100, Box 56
200 Bay Street
Toronto ON M5J 2J2

Attention: Vice President, General Counsel
Facsimile No.: 416-361-6075

(c) In the case of Borealis:

Borealis Infrastructure Management Inc.
Royal Bank Plaza, South Tower
Suite 2100, Box 56
200 Bay Street
Toronto ON M5J 2J2

Attention: Vice President, General Counsel
Facsimile No.: 416-361-6075

Any notice shall be deemed to have been delivered on the date on which it was delivered or transmitted if delivered or transmitted before 5:00 p.m., or if after 5:00 pm. on a Business Day or on a day other than a Business Day then it shall be deemed to have been delivered on the next Business Day. Each Party may change its address for the purpose of this Section 13.2 from time to time by giving written notice of such change to the other Parties in accordance with this Section 13.2.

Section 13.3 **Governing Law and Attornment**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Manitoba and the federal laws of Canada applicable therein. Each of the Parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of Manitoba.

Section 13.4 **Entire Agreement**

This Agreement constitutes the entire agreement and understanding of the Parties in relation to its subject matter and supersedes and replaces any previous understanding, arrangement or agreement between the Parties including the Term Sheet, the Memorandum of Understanding (the "**MOU**") dated as of July 10, 2012 between Teranet Inc., Borealis and the Province, the MOF NDA and the TPR NDA (as those latter two terms are defined in the MOU).

Section 13.5 **Counterparts**

This Agreement may be executed in any number of counterparts each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

Section 13.6 **Electronic Execution**

Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

Section 13.7 **Publicity**

No Party will make any public announcement regarding this Agreement, the other Definitive Agreements or the Transaction without the prior written consent of the other Parties, not to be unreasonably withheld or unduly delayed. Any press releases or other announcements of any kind will be approved by both the Province and Teranet Manitoba prior to the release, filing or dissemination thereof.

Section 13.8 **Time of the Essence**

Time is of the essence in respect of the Agreement.

Section 13.9 **Status Certificates**

Each Party agrees that it will at any time and from time to time upon not less than ten (10) days' prior notice, execute and deliver to the requesting Party a statement in writing certifying that the Definitive Agreements are unmodified and in full force and effect (or if modified, stating the modifications and stating that the same are in full force and effect as modified), the status of accounts and whether or not there is any existing default on the part of another Party (which may be qualified by knowledge as it relates to defaults by another Party). It is agreed that any such statement delivered pursuant to this Section may be exclusively relied upon by any prospective purchaser or assignee or any lender or trustee for bondholders.

Section 13.10 **Further Assurances**

The Parties shall execute, acknowledge and deliver all such further assurances, instruments and documents and take such other actions that may be necessary or appropriate in order to carry out the intent and purposes of this Agreement.

Section 13.11 **Waiver**

A waiver of any breach of any provision of the Agreement shall not be construed as a continuing waiver of other breaches of the same provision or waiver of any other provisions of this Agreement. Failure on the part of a Party to complain of any act or failure to act of another Party or to declare the other Party in default shall not constitute a waiver by such Party of its rights under the Agreement. No waiver of any rights under the Agreement shall be effective unless in writing, duly executed by an authorized representative of the Party giving such waiver.

Section 13.12 **Severability**

If any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision or its application to other parties or circumstances.

Section 13.13 **Survival**

No reference in any provision of this Agreement to a right or obligation lasting for the duration of this Agreement or for the Term, shall be interpreted to mean that any other provision survives beyond the Term or the duration of this Agreement. Notwithstanding the foregoing, expiration of the Term or a termination of this Agreement shall not affect or prejudice any rights or obligations that have occurred or arisen under this Agreement prior to the time of expiration or termination and such rights and obligations shall survive the expiration of the Term or the termination of this Agreement for a period of time equal to the applicable statute of limitations.

Section 13.14 **Successors and Assigns**

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have by their duly authorized representatives executed this Agreement as of the date first written above.

TERANET MANITOBA LP, by its General Partner, TERANET MANITOBA GP INC.

By: _____

Name: Elgin Farewell
Title: President and Chief Executive Officer

By: _____

Name: Agostino Russo
Title: Chief Legal Officer & Corporate Secretary

BOREALIS INFRASTRUCTURE MANAGEMENT INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name: Jennifer Howard
Title: Minister of Finance

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: 204-942-0051
Fax: 204-947-9390
www.deloitte.ca

March 27, 2014

Mr. Jim Hrichishen
Deputy Minister of Finance
Government of Manitoba
109-450 Broadway, Legislative Building
Winnipeg MB R3C 0V8
Canada

Dear Mr. Hrichishen:

Deloitte was engaged by the Province of Manitoba (the Province) during the period from August 2012 to June 2013 to provide analysis and advice as the Province considered the potential transaction to sell The Property Registry ("TPR") to Teranet Inc. ("Teranet"). As part of this engagement we provided several reports to the province summarizing the nature of our work and our advice.

The contents of these reports are highly commercially sensitive because they lay out both the nature of the Province's circumstances and analysis of various scenarios presented by Teranet. The reports also set out key elements of Teranet's offer to the Province. We also expect that the release of this information would require permission from Teranet.

Consequently, you have asked that we provide the Province with a brief summary of the nature of the advice that we provided over the term of our engagement. Our summary of the work that was undertaken in three phases is as follows:

Phase 1 – Market Analysis

Phase 1 work was undertaken and completed in August 2012. As part of this phase, Deloitte:

- Summarized Teranet's relationship with the Province of Ontario and its operational model
- Reviewed and reported on the administration of land registry systems in other commonwealth jurisdictions with similar land tenure systems to that of Manitoba (commonwealth regions)
- Reviewed and reported on Canadian and US-based companies providing title insurance products

The findings of this report were consistent with Manitoba's conclusion that until that point in time, Teranet was the only significant private sector company that had previously acquired and was successfully operating a land registry system in a jurisdiction with characteristics similar to Manitoba.

Phase 2 – Valuation of TPR

During September 2012, Deloitte was asked to provide the Province with an understanding of the value of TPR and explain the factors that most impact the value of TPR.

As that work was continuing during October 2012, the Province entered negotiations with Teranet. As part of the negotiations, Teranet provided the Province with various financial, risk and other analyses it had undertaken in its own assessment of the value of TPR.

Consequently, Phases 2 and 3 were then combined as our work related to analyzing the factors that impacted TPR's valuation (as contemplated in Phase 2) needed to be undertaken in conjunction with our analysis of the Teranet proposals (that we were to be reviewed as part of Phase 3).

Phase 3 – Review of Teranet Proposal

During October and November 2012, Deloitte completed the Phase 2 analysis and completed Phase 3. Phase 3 was comprised of an independent critical review of the Teranet proposal with a focus on assessing value creation, reduction of government expenses, achievement of productivity and efficiency gains, facilitation of technological innovation, improvement of citizen-centric services, and risk areas.

The Teranet proposal was supported by several different financial models provided by Teranet. These models highlighted the majority of the key factors that most impacted Teranet's assessment of the value of TPR. Through our analyses and discussions, involving both provincial officials and Teranet representatives, several other significant factors were identified that affected Teranet's proposal.

Our report, summarizing the various analyses performed by the Province and Deloitte, was provided in November 2012. We reported that utilizing the assumptions underlying the financial model, the applicable royalty structure, the implied Internal Rate of Return and related factors identified in discussion with Teranet, the upfront payment offered by Teranet under the various options presented by Teranet was reasonable and fell within an expected range.

Follow-up in May 2013

During the period between December 2012 and May 2013 when the Province was working to complete the negotiations with Teranet and conclude the definitive agreements with Teranet, we had no further involvement with the Province related to this transaction.

In May 2013, we were asked to further analyze the gain sharing formula in the draft agreements with Teranet being reviewed by the Province. Our report summarizing this analysis was issued in May, 2013.

* * *

We trust this letter adequately summarizes, for your existing purposes, the process we undertook with the Province related to the terms of the sale of TPR to Teranet.

Yours truly,

Deloitte LLP

Richard Olfert, FCA, CMC
Partner
Deloitte LLP